

COUNTY COUNCIL
OF
HARFORD COUNTY, MARYLAND

(AS AMENDED)

BILL NO. 90-28 (AS AMENDED)

Introduced by Council President Wilson at the request of the County Executive

Legislative Day No. 90-19 Date June 5, 1990

AN EMERGENCY ACT to provide the County Executive with the authorization to execute, on behalf of Harford County, Maryland, an agreement with the State of Maryland, Department of the Environment THE MARYLAND WATER QUALITY FINANCING ADMINISTRATION ("THE ADMINISTRATION"), pursuant to which Harford County, Maryland, would borrow from the State of Maryland THE ADMINISTRATION, a sum not to exceed \$3,722,000.00 to fund the engineering and construction of the Joppa Sewer Project and Swan Creek Sewer Project, all in accordance with Sections 520 and 524 of the Charter of Harford County, Maryland.

By the Council, June 5, 1990

Introduced, read first time, ordered posted and public hearing scheduled on: July 3, 1990
at: 7:15 P.M.

By Order: Doris Paulsen, Secretary

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on July 3, 1990, and concluded on, July 3, 1990

Doris Paulsen, Secretary

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

1 ~~WHEREAS, the County Executive proposed that Harford County,~~
2 ~~Maryland, enter into contract with the Maryland Department of the~~
3 ~~Environment, providing for the borrowing from such Department, not~~
4 ~~to execute the sum of \$3,722,000.00 and be given the authority to~~
5 ~~exceed such agreement on behalf of Harford County, Maryland; and~~

6 ~~WHEREAS, said agreement (the "Agreement") provides for~~
7 ~~repayment of the loan at the rate of seventy (70) percent per annum~~
8 ~~not to exceed twenty (20) years; and~~

9 ~~WHEREAS, Sections 520 and 524 of the Charter of Harford~~
10 ~~County, Maryland, require that all agreements and payments~~
11 ~~thereunder which would extend beyond the current fiscal year be~~
12 ~~authorized by legislative act, and~~

13 ~~WHEREAS, the terms of said agreement will be adopted by the~~
14 ~~Council through a subsequent resolution.~~

15 ~~NOW, THEREFORE,~~

16 ~~Section 1. Be It Enacted By The County Council of Harford~~
17 ~~County, Maryland, that the County Executive, be, and is hereby~~
18 ~~authorized to execute, on behalf of the County, the Agreement for~~
19 ~~providing for borrowing by Harford County, Maryland, not to exceed~~
20 ~~the below stated amounts:~~

21 ~~Amount of Agreement \$3,722,000.00~~

22 ~~Section 2. And Be It Further Enacted, that this act is hereby~~
23 ~~declared to be an Emergency Act, necessary so that the County can~~
24 ~~enter the State Loan Program when it is available in August, and~~
25 ~~this act shall take effect on the date it becomes law.~~

26 ~~Whereas, the County Executive proposed that Harford County,~~

1 Maryland, enter into Loan Agreement (the "Loan Agreement") with the
2 Maryland Water Quality Financing Administration (the
3 "Administration"), providing for the borrowing from the
4 Administration, not to exceed the sum of \$3,722,000.00 and be given
5 the authority to execute such agreement on behalf of Harford
6 County, Maryland, and

7 Whereas, the Loan Agreement will provide for repayment of the
8 loan at the approximate rate of seventy (70) percent of the
9 Administration's net interest cost per annum for a term not to
10 exceed twenty (20) years, and

11 Whereas, Sections 520 and 524 of the Charter of Harford
12 County, Maryland, require that all agreements and payments
13 thereunder which would extend beyond the current fiscal year be
14 authorized by legislative act, and

15 Whereas, Title VI of the Federal Water Pollution Control Act,
16 as amended by the Water Quality Act of 1987 (the "Clean Water
17 Act"), authorizes the United States Environmental Protection Agency
18 (the "EPA") to award grants to qualifying States to establish and
19 capitalize State water pollution control revolving funds ("SRFs")
20 for the purpose of providing loans and certain other forms of
21 financial assistance (but not grants) to finance, among other
22 things, the construction of publicly-owned wastewater treatment
23 facilities, estuary conservation management plans and the
24 implementation of nonpoint source management programs, and

25 Whereas, as contemplated by the Clean Water Act, the General
26 Assembly of Maryland at its 1988 session enacted the Maryland Water

Quality Financing Administration Act, codified at Sections 9-1601 through 9-1622 of the Environment Article of the Annotated Code of Maryland (the "Act"), establishing the Administration and establishing an SRF designated the Maryland Water Quality Revolving Loan Fund (the "Fund") to be maintained and administered by the Administration. The Act authorizes the Administration, among other things, to make a loan from the Fund to a "local government" (as defined in the Act) for the purpose of financing all or a portion of the cost of a "wastewater facility" (as defined in the Act). Harford County (the "Borrower") is a "local government" within the meaning of the Act, and

Whereas, the Borrower has applied to the Administration for a loan from the Fund to assist in the financing of certain projects, each of which constitutes a "wastewater facility" within the meaning of the Act. As contemplated by the Act, the Administration and the Borrower will enter into a loan agreement (the "Loan Agreement") to effect and evidence the loan, and

Whereas, the Borrower has determined that it will issue its bond which constitutes a "loan obligation" within the meaning of the Act, to evidence its payment obligations under the Loan Agreement.

Now, Therefore, Be It Enacted By The County Council Of Harford County, Maryland:

Section 1. Pursuant to the authority of Section 524 of the Charter of Harford County (the "Charter") and Section 123-40 of the Code of Harford County (the "Code") and the Maryland Water Quality

1 Financing Administration Act (codified as Sections 9-1601 to
2 9-1622, inclusive, of the Environment Article of the Annotated Code
3 of Maryland (1987 Replacement Volume, 1989 Cumulative Supplement))
4 (the "Act"), the Borrower, a body politic and corporate of the
5 State of Maryland, hereby determines to borrow money and incur
6 indebtedness for the public purpose of financing a portion of the
7 cost of acquiring, constructing and equipping the projects as
8 described in Exhibit A attached hereto and incorporated herein
9 (collectively, the "Project"), including the development of
10 property, the acquisition and installation of equipment and
11 furnishings and any related architectural, financial, legal,
12 planning and engineering expenses. The Project constitutes a
13 "wastewater facility" within the meaning of the Act. As
14 contemplated by the Act, such borrowing and indebtedness shall be
15 made and incurred in accordance with the provisions of a loan
16 agreement (the "Loan Agreement") between the Borrower and the
17 Maryland Water Quality Financing Administration (the
18 "Administration").

19 Section 2. To evidence the payment obligations of the
20 Borrower under the Loan Agreement, the Borrower shall issue and
21 sell, upon its full faith and credit, a general obligation
22 installment bond in the maximum principal amount of \$3,722,000, to
23 be known as the Harford County Water Quality Bond, Series 1990 A
24 (the "Bond"). The Bond shall bear interest at the rate of interest
25 determined in accordance with Administration policy (presently
26 establishing an interest rate approximately equal to 70% of the

1 Administration's net interest cost), but in any event not in excess
2 of 7-1/2%.

3 The Loan Agreement and Bond shall be in substantially the
4 forms as are prepared by the Administration with such insertions,
5 omissions or variations as may be deemed necessary or appropriate
6 and approved by the officers executing the same (their execution of
7 the Loan Agreement and Bond to constitute conclusive evidence of
8 such approval). The Borrower hereby authorizes the execution and
9 delivery of a Loan Agreement and Bond in such forms as are prepared
10 by the Administration as shall be executed by the County Executive
11 and the Director of Administration as aforesaid. The form of the
12 Bond currently proposed by the Administration is attached hereto as
13 Exhibit B.

14 Section 3. The Loan Agreement and the Bond each shall be
15 executed on behalf of and in the name of the Borrower by the County
16 Executive of Harford County (the "County Executive"). The
17 corporate seal of the Borrower shall be affixed to the Loan
18 Agreement and the Bond, attested by the signature of the Director
19 of Administration of Harford County. The principal of and interest
20 on the Bond shall be paid in accordance with the terms and
21 conditions of the Loan Agreement and the Bond. The Loan Agreement
22 and the Bond shall be valid and legally binding obligations of the
23 Borrower in accordance with their terms.

24 Section 4. As authorized and contemplated by the Loan
25 Agreement and Section 9-1606 of the Act, the Bond shall be sold at
26 private sale to the Administration, public advertisement and sale

1 of the Bond not being required by the terms of the Act and the best
2 interests of the Borrower being hereby declared to be served by
3 such private sale. The County Executive is expressly authorized
4 and empowered to take any and all action necessary to complete and
5 close the award, sale and delivery of the Bond to the
6 Administration, including, without limitation, approving the
7 interest rate or method for determining the interest rate to be
8 borne by the Bond (in either case, such rate not to exceed 7-1/2%
9 per annum), approving the repayment schedule for the Bond (subject
10 to the provisions of Section 524 of the Code) and making such
11 changes or modifications in the forms adopted herein as may be
12 necessary or appropriate to comply with Administration practices
13 and policies applicable from time to time.

14 Section 5. The proceeds of sale of the Bond shall be applied
15 from time to time as and when received by the Borrower to finance
16 costs of the Project in strict compliance with the provisions of
17 the Loan Agreement, the Act, the Charter and the Code.

18 Section 6. In accordance with the requirements of the Act and
19 the Administration's policy, the Borrower intends to provide funds
20 for payment of principal of, premium (if any) and interest on the
21 Bond from certain funds related to operation of, and payment of
22 debt service on bonds relating to, the water and sewerage systems
23 of the Borrower. These funds include area connection charges,
24 special assessments, user surcharges, certain depreciation reserves
25 relating to depreciation on the water and sewerage systems, a
26 portion of the recordation tax levied by the Borrower with respect

to recordation of interests in real property located within the corporate limits of the Borrower, and earnings on the above-described funds.

To the extent any of the above-described funds is specifically designated for payment of debt service on bonds issued to acquire or construct improvements to the water and sewerage systems of the Borrower, by the legislation establishing the tax, assessment, surcharge or other source of revenue so designated, and so long as such tax, assessment, surcharge or other revenue source remains so designated and levied by the Borrower, the Borrower hereby covenants to apply all such designated revenues to payments of debt service on bonds issued to acquire or construct improvements to the water and sewerage systems of the Borrower, including the Bond.

In the event that the funds described in this Section 6 (whether or not designated for water and sewerage system bond debt service) fail to provide sufficient funds at any time while the Bond is outstanding for the purpose of paying principal of, premium (if any) and interest on the Bond, when due and payable, the Borrower hereby covenants and agrees, with the holder, from time to time, of the Bond, that it shall promptly cause to be levied against all assessable property within the corporate limits of the Borrower annually, so long as the Bond is outstanding and not paid, an ad valorem tax sufficient in rate and amount to provide for payment of such principal of, premium (if any) and interest on the Bond when due. Such tax shall be levied in accordance with the Charter. The Borrower, by the passage of this bill, hereby

1 covenants and agrees properly and promptly to perform all of the
2 respective acts and duties defined in the Charter for the levy and
3 collection of the aforesaid ad valorem tax upon all the assessable
4 property within the corporate limits of the Borrower, as the levy
5 and collection of such a tax becomes necessary in order to provide
6 for the payment of principal of, premium (if any) and interest on
7 the Bond.

8 Section 7. The County Treasurer shall be the certifying
9 official for the Borrower responsible for the execution and
10 delivery on the date of the issuance of the Bond of a tax and
11 arbitrage certificate of the Borrower that complies with the
12 requirements of Section 148 of the Internal Revenue Code of 1986,
13 as amended (the "Code"), and the applicable regulations thereunder.
14 The County Treasurer is hereby authorized and directed to execute
15 and deliver the tax and arbitrage certificate to counsel rendering
16 an opinion on the excludability from gross income of interest on
17 the Bond for purposes of federal income taxation on the date of the
18 issuance of the Bond. The tax and arbitrage certificate shall set
19 out the reasonable expectations of the Borrower as to relevant
20 facts, estimates and circumstances relating to the use of the
21 proceeds of the Bond or of any moneys, securities or other
22 obligations to the credit of any account of the Borrower which may
23 be deemed to be bond proceeds under Section 148 of the Code, and
24 the arbitrage regulations thereunder. The Borrower covenants with
25 the owner of the Bond that the facts, estimates and circumstances
26 set forth in the tax and arbitrage certificate will be based on the

1 Borrower's reasonable expectations on the date of the issuance of
2 the Bond and will be, to the best of the certifying official's
3 knowledge, true, correct, and complete as of that date.

4 Section 8. The Borrower covenants and agrees with the
5 registered owner of the Bond that it will not make, or (to the
6 extent that it exercises control or direction) permit to be made,
7 any use of the bond proceeds that would cause the Bond to be an
8 "arbitrage bond" within the meaning of Section 148 and the
9 arbitrage regulations. The Borrower further covenants that it will
10 comply with Section 148 of the Code and the arbitrage regulations
11 thereunder, which are applicable to the Bond on the date of
12 issuance of the Bond and which may subsequently lawfully be made
13 applicable to the Bond. The Borrower further covenants that it
14 shall make such use of the proceeds of the Bond, regulate the
15 investment of the proceeds thereof, and take such other and further
16 actions as may be required to maintain the excludability from gross
17 income for federal income tax purposes of interest on the Bond.
18 All officers, employees and agents of the Borrower are hereby
19 authorized and directed to take such actions, and to provide such
20 certifications of facts and estimates regarding the amount and use
21 of the proceeds of the Bond, as may be necessary or appropriate
22 from time to time to comply with, or to evidence the Borrower's
23 compliance with, the covenants set forth in this Section.

24 Section 9. The provisions of this bill are severable, and if
25 any provision, sentence, clause, section or part hereof is held
26 illegal, invalid or unconstitutional or inapplicable to any person

1 or circumstances, such illegality, invalidity or
 2 unconstitutionality, or inapplicability shall not affect or impair
 3 any of the remaining provisions, sentences, clauses, sections, or
 4 parts of this bill or their application to other persons or
 5 circumstances. It is hereby declared to be the legislative intent
 6 that this bill would have been passed if such illegal, invalid or
 7 unconstitutional provision, sentence, clause, section or part had
 8 not been including herein, and if the person or circumstances to
 9 which this bill or any part hereof are inapplicable had been
 10 specifically exempted herefrom.

11 Section 10. And Be It Further Enacted that this act is hereby
 12 declared to be an Emergency Act, necessary so that the County can
 13 enter the State Loan Program when it is available in August, and
 14 this act shall take effect on the date it becomes law.

EFFECTIVE: July 6, 1990

Exhibit A

Project Description

1. Joppa/Route 40 Sewer Project - This project will consist of engineering, acquisition and construction of sewer service facilities along the Route 40 corridor between Edgewood and Joppatowne and undeveloped parcels in Joppatowne and will consist of gravity sewers, force main and pumping stations.
2. Swan Creek Sewer Project - This project consists of the engineering, acquisition and construction of a public sewer in the Swan Creek/Route 40 area.

Exhibit B

Form of Bond

\$ _____

R-

REGISTERED

UNITED STATES OF AMERICA

STATE OF MARYLAND

HARFORD COUNTY

WATER QUALITY BOND, SERIES 1990 A

Dated _____, 1990

PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE
BY CHECK OR DRAFT TO THE REGISTERED OWNER AND IT CANNOT
BE DETERMINED FROM THE FACE OF THIS BOND WHETHER
ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST
ON THIS BOND HAS BEEN PAID.

Harford County, a body politic and corporate of the State of
Maryland (the "Borrower"), hereby acknowledges itself obligated to

1 pay the Loan (defined herein) from the Maryland Water Quality
 2 Financing Administration, in the principal amount of \$ _____
 3 plus interest on the unpaid principal balance from the date hereof
 4 at the rate of per annum. Subject to the requirement for earlier
 5 payment set forth in the immediately succeeding paragraph, the
 6 principal of this bond shall be paid in installments on
 7 _____ in the years and amounts as follows:

8		<u>Principal</u>		<u>Principal</u>
9	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>

10 Notwithstanding the foregoing, all outstanding principal, if
 11 not previously due hereunder, shall be due on that date which is 20
 12 years after the date of completion of the Project (defined in the
 13 Loan Agreement dated _____ 1990 between the Borrower and
 14 Maryland Water Quality Financing Administration (the "Loan
 15 Agreement")), as certified by the Borrower to Maryland Water
 16 Quality Financing Administration pursuant to Section 2.02(d) of the
 17 Loan Agreement.

18 Interest on this bond shall be paid on _____ 1990 and
 19 semiannually thereafter on the day of _____ and
 20 _____ in each year until the principal amount hereof
 21 has been paid.

1 Both the principal of and interest on this bond will be paid
2 in lawful money of the United States of America, at the time of
3 payment, and will be paid by check or draft mailed (by depositing
4 such check or draft, correctly addressed and postage prepaid, in
5 the United States mails on or before the payment date) to the
6 registered owner at such address as the registered owner may
7 designate from time to time by a notice in writing delivered to the
8 _____.

9 This bond is issued pursuant to and in full conformity with
10 the provisions of Section 524 of the Charter of Harford County and
11 Section 123-40 of the Code of Harford County and the Maryland Water
12 Quality Financing Administration Act (codified as Sections 9-1601
13 to 9-1622, inclusive, of the Environment Article of the Annotated
14 Code of Maryland (1987 Replacement Volume, 1989 Cumulative
15 Supplement), and by virtue of due proceedings had and taken by the
16 Borrower, particularly an Ordinance adopted by the County Council
17 of Harford County at a meeting held on July 31, 1990 (the
18 "Ordinance").

19 This bond together with the Loan Agreement, evidences the Loan
20 (defined in the Loan Agreement) to the Borrower from the Maryland
21 Water Quality Financing Administration. In accordance with the
22 Loan Agreement, Interest (defined in the Loan Agreement) under the
23 Loan, including amounts denominated as interest under this bond,
24 consist of Pre-disbursement Interest (defined in the Loan
25 Agreement) and Post-disbursement Interest (defined in the Loan
26 Agreement) and the principal amount of the Loan, being the amount

1 denominated as principal under this bond, is subject to reduction
2 or adjustment by Maryland Water Quality Financing Administration in
3 accordance with the Loan Agreement.

4 The full faith and credit and unlimited taxing power of the
5 Borrower are hereby irrevocably pledged to the prompt payment of
6 the principal of and interest on this bond according to its terms,
7 and the Borrower does hereby covenant and agree to pay the
8 principal of and interest on this bond at the dates and in the
9 manner prescribed herein.

10 This bond is transferable only upon the books of the Borrower
11 at the office of the by the registered owner hereof in person or by
12 his attorney duly authorized in writing, upon surrender hereof,
13 together with a written instrument of transfer satisfactory to the
14 _____ , duly executed by the registered
15 owner or his duly authorized attorney. The Borrower shall, within
16 a reasonable time, issue in the name of the transferee a new
17 registered bond or bonds, in such denominations as the Borrower
18 shall by resolution approve, in an aggregate principal amount equal
19 to the unpaid principal amount of the bond or bonds surrendered and
20 with the same maturities and interest rate. If more than one bond
21 is issued upon any such transfer, the installment of principal and
22 interest to be paid on each such bond on each payment date shall be
23 equal to the product of the following formula: the total
24 installment due on each payment date multiplied by a fraction, the
25 numerator of which shall be the principal amount of such bond and
26 the denominator of which shall be the aggregate principal amount of

bonds then outstanding and unpaid. The new bond or bonds shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer. The Borrower may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland and the Ordinance to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond, together with all other indebtedness of the Borrower, is within every debt and other limit prescribed by said Constitution or statutes.

In Witness Whereof, this bond has been executed by the manual signature of the County Executive of Harford County and the seal of the Borrower has been affixed hereto, attested by the manual signature of the Director of Administration of Harford County, all as of the _____ day of _____, 1990.

(Seal)

Attest:

By: _____
Georgia F. Hodsdon
Director of Administration
Harford County

Habern W. Freeman, Jr.
County Executive
Harford County

BY THE COUNCIL

BILL NO. 90-28 (As Amended)

Read the third time.

Passed: LSD 90-22 (July 3, 1990)

Failed of Passage: _____

By Order

Doris Poulsen, Secretary

Sealed with the County Seal and presented to the County Executive
for his approval this 5th day of July, 1990
at 3:00 o'clock P.M.

Doris Poulsen, Secretary

BY THE EXECUTIVE

APPROVED:

COUNTY EXECUTIVE

Date 7-6-90

BY THE COUNCIL

This Bill, (No. 90-28 As Amended), having been approved by the
Executive and returned to the Council, becomes law on July 6, 1990.

Doris Poulsen, Secretary

EFFECTIVE DATE: July 6, 1990